Quarterly Finance Report
2014 Second Quarter

August 13, 2014
BOCC Work Session
Contents

• Audit Results

• Leading Indicators
  – Some improvement
  – Mixed indicators

• Retail Sales
  – Year over Year Improvement
  – Increase mostly anticipated in budget
  – Sales tax policy

• General Fund
  – Fund Balance usage
  – Expenditures
  – Deferred One-time-Only

• Other Major Funds
  – PW, DCD, Health Department

• Funds that might impact General Fund
  – Community Development-Development Services
  – REET Funds
  – Department of Community Services
  – Clean Water Fund
  – Central Support Services

• Trends Report
Audit Results

Clark County once again received an unmodified (clean) opinion from the State Auditor’s Office for all three areas audited.

Financial
Accountability
Single Audit (Grants)
Leading Indicators

- Building Permits
- Retail Sales
- Construction as a % of Retail Sales
- Home Sales
- Median Home Sales Price
- Employment
- Land Use Review Permits
County Unemployment Compared to State

Major County Retail Sales Growth

Washington Counties Retail Sales Growth/Decline Rate
(Year over Year)

12 Months Ending June
Clark County 12 Months Ending Retail Sales
Growth/Decline

Clark County 12 Months Ending Retail Sales Growth/Decline

Quarter

- Incorporated
- Unincorporated

-20.00%
-15.00%
-10.00%
-5.00%
0.00%
5.00%
10.00%
15.00%
First half of 2014 General Fund revenues were 12 percent higher than same period in 2013 ($67.6M v. $65.5M).

General Fund biennium to date expenses were $223.9M or approximately 71.3 percent of budget. Expenditures for the first half of 2014 were essentially the same as the same period a year ago ($70.9M v $71.0M).

General Fund is budgeted to use $15.7M of fund balance during the 2013-2014 biennium ($10.2M ongoing, $5.5M one-time).
General Fund

Clark County General Fund Total Fund Balance Compare to Best Practices

Dollars in Millions

2007: $20.4
2009: $12.7
2010: $14.0
2011: $17.5
2012: $21.1
2013: $25.3
2014: $22.6

2014 Budget: $10.2

Risk Based Fund Balance Target: 22.5

Legend:
- Total Fund Balance
- Est. unexpended budget
- Risk Based FB
Other Major Funds

• Department of Community Development
  – Land Use Review permits increased slightly in second quarter 2014 (185) over 2013 (182).
  – Land Use Review estimated General Fund support for Fee Holiday activities thru 2014 will be $380K.
  – Commercial permit valuations in the second quarter 2014 didn’t change much from the first quarter. The number of permits didn’t change either from the first quarter. There was a slight change from 2013 Q2 (86) to 2014 Q2 (88).

• Road Fund
  – Road Fund revenues are 71.9 percent of current biennial budget and expenses are 64.2 percent of budget. Road Fund is budgeted to use approximately $7.9M of fund balance this biennium. In the first half of 2014, Road Fund generated a surplus of $3.4m.
  – Based on the six year Transportation Improvement Plan (TIP), Road Fund fund balance is committed to a variety of projects and a significant increase in road preservation and maintenance.
  – The current TIP relies on impact fees, which, depending on waivers granted, may require Public Works to revise the Plan ($1.3M TIF to be used in 2014).

• Health Department
  – Health Department expenditures are 58.4 percent of Budget ($14.5M).
  – Health Department Fund Balance has improved from 2012 ending ($3.9M v. $2.6M).
Funds That May Impact General Fund

• Department of Community Development
  – Development Service-Permits are still low. This area could impact the General Fund in the amount of committed subsidies.
  – In the second quarter, for the first time in the past two years, permit revenue from single family housing did not cover the full cost of operations in the building function.

• Event Center Fund
  – The 10 day fair continues to operate at a profit.
  – The June 2014 fund balance was just positive.
  – The General Fund has budgeted $250K annually to support the fund. With changes in operations, the entire budgeted amount may not be necessary.

• Exhibit Hall Reserve Fund
  – The Reserve Fund is now included in the Capital Facilities Plan.
  – In 2013, there was no shortfall requiring REET funds for debt service.
  – It is projected that a small amount of REET funding will be necessary in 2014.

• REET Funds
  – REET receipts have slowed and are behind budget for the biennium.
  – With the changes in REET funding priorities, REET fund revenues and expenses have stabilized and fund balances should remain positive.

• Department of Community Services
  – General Fund has budgeted $0.5M annually to support the fund to offset the impact of the RSN departure.

• Clean Water Fund
  – The Board of County Commissioners has addressed the clean water fee shortfall.
  – The fund should be monitored to ensure that the solution is successful.

• Central Support Services (Facilities)
  – Fund continues to run a deficit fund balance. Currently budgeted with expenditures to exceed revenues by $104K.
  – Fund should be monitored to determine if a one-time transfer may be necessary to eliminate the deficit.
Summary

• Economic indicators are still inconsistent. We are currently seeing increases in retail sale taxes. However, they are driven primarily by construction, which is a volatile source of revenue. Increased revenues in these areas also do not offset lagging revenues in other areas. As a result fund balances are flat, limiting the County’s ability to increase expenditures.

• Sales tax policy to smooth volatile receipts and use excess for one-time needs. Finance Team will evaluate options to present to the Board.

• 2013/2014 General Fund budgeted operating expenditures exceed revenues by $15.7M. The 2013 General Fund operating revenues and expenditures were anticipated to break even. However, expenditures exceeded revenues by approximately $8.4M.

• 2014 General Fund ending fund balance will likely be below the balance needed to meet the newly proposed fund balance policy.

• In the past four years, the general public through General Fund transfers have subsidized the cost of Land Use Review activities by $3.3M. In 2013 LUR activities did not require additional support from General Fund beyond budgeted transfers for non-fee activities.
A copy of the complete second quarter financial report may be obtained at:

Trends Report

- Update on how Clark County is doing in complying with its financial policies.
- Update of the 10 year trends for 29 significant measurements.
- Five of these trends improved, four were lower, and twenty remained the same.
Trends Report Summary

• Clark County Population Growth continues
• Revenues per capita continue to decline
• County’s response has been to decrease expenditures per capita
• The decrease in expenditures has come through a reduction in county employees per capita.
Trends Report

Population of Cities and County

(In Thousands)

- Cities
- Unincorporated County
Operating Revenue Per Capita Adjusted per CPI
Trends Report

Government Expenditures per Capita Adjusted for CPI
Employees Per 1,000 Capita

Trends Report
Trends Report

Population and General Fund Revenue per Capita

- Sum of population
- General Fund Rev/Capita

Year:

Values:
- Population: 350,000 to 440,000
- General Fund Revenue per Capita: 270 to 350
Quarterly Finance Report
2014 second Quarter

August 13, 2014
BOCC Work Session